

BEFORE THE
JOINT MEETING OF THE
INTELLECTUAL PROPERTY AND INDUSTRY
AND
SCIENCE SUBCOMMITTEE
OF THE
INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE
TO THE
CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE
ORGANIZED PURSUANT TO THE
CALIFORNIA STEM CELL RESEARCH AND CURES ACT
REGULAR MEETING

LOCATION: AS INDICATED ON THE AGENDA

DATE: APRIL 8, 2016
9 A.M.

REPORTER: BETH C. DRAIN, CSR
CSR. NO. 7152

BRS FILE NO.: 98499

BARRISTERS' REPORTING SERVICE

I N D E X

ITEM DESCRIPTION	PAGE NO.
1. CALL TO ORDER	3
2. ROLL CALL	3
3. CONSIDERATION OF LOAN TERMS FOR THE ACCELERATING THERAPIES THROUGH PUBLIC PRIVATE PARTNERSHIP (ATP3) RFA.	4
4. PUBLIC COMMENT	16

BARRISTERS' REPORTING SERVICE

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APRIL 8, 2016; 9 A.M.

CHAIRMAN SHEEHY: BRING TO ORDER THE
JOINT MEETING OF THE INTELLECTUAL PROPERTY AND
INDUSTRY AND SCIENCE SUBCOMMITTEES. MARIA, COULD
YOU CALL THE ROLL.

MS. BONNEVILLE: STEVE JUELSGAARD.

DR. JUELSGAARD: HERE.

MS. BONNEVILLE: ANNE-MARIE DULIEGE.

DR. DULIEGE: HERE.

MS. BONNEVILLE: JOE PANETTA. JEFF
SHEEHY.

CHAIRMAN SHEEHY: HERE.

MS. BONNEVILLE: OS STEWARD.

DR. STEWARD: HERE.

MS. BONNEVILLE: JONATHAN THOMAS.

CHAIRMAN THOMAS: HERE.

MS. BONNEVILLE: MICHAEL FRIEDMAN. DAVID
HIGGINS.

MR. HIGGINS: HERE.

MS. BONNEVILLE: BERT LUBIN.

DR. LUBIN: HERE.

MS. BONNEVILLE: SHLOMO MELMED. ART
TORRES. KRISTINA VUORI.

DR. VUORI: HERE.

BARRISTERS' REPORTING SERVICE

1 MS. BONNEVILLE: WE HAVE A QUORUM. THANK
2 YOU.

3 CHAIRMAN SHEEHY: SO I THINK WE'RE READY.
4 WE SHOULD GO STRAIGHT INTO THE PRESENTATION FOR THE
5 CONSIDERATION OF THE ATP TERMS, ETC. I THINK THAT
6 WILL BE CONDUCTED BY NEIL LITTMAN.

7 MR. LITTMAN: THANK YOU, JEFF. SO GOOD
8 MORNING, EVERYONE. THIS IS NEIL LITTMAN. I'M THE
9 BUSINESS DEVELOPMENT OFFICER HERE AT CIRM. I'D LIKE
10 TO WELCOME MEMBERS OF THE ICOC INTELLECTUAL PROPERTY
11 AND INDUSTRY AND SCIENCE JOINT SUBCOMMITTEE AND ALSO
12 MEMBERS OF THE PUBLIC. I'D ALSO LIKE TO EXTEND A
13 WELCOME TO ZANE WILLIAMS, WHO'S A SENIOR EXPERT AND
14 PARTNER AT MCKENZIE, WHO HELPED US WITH THE
15 FINANCIAL MODELING AND EVALUATING FINANCIAL ASPECTS
16 OF THE TERMS. AND ALSO TO PHILIP PETERS AND MORETTE
17 MANSON WHO ARE BOTH PARTNERS AT FARELLA, BRAUN &
18 MARTEL, WHO HELPED US WITH THE TERM SHEET.

19 SO TODAY WE WILL BE DISCUSSING THE TERMS
20 OF THE ACCELERATING THERAPIES PUBLIC PRIVATE
21 PARTNERSHIP AWARD OR ATP3 FOR SHORT. AS A REMINDER,
22 APPROVAL OF THESE TERMS WERE DELEGATED TO THIS
23 COMMITTEE BY THE ICOC DURING THE DECEMBER 17TH BOARD
24 MEETING AT WHICH TIME THE ATP3 CONCEPT WAS APPROVED.
25 FURTHER DETAILS REGARDING THE AWARD TERMS HAVE BEEN

BARRISTERS' REPORTING SERVICE

1 PROVIDED IN A TERM SHEET AND CORRESPONDING MEMO.

2 AS A REMINDER, CIRM'S MISSION IS TO
3 ACCELERATE STEM CELL TREATMENTS TO PATIENTS WITH
4 UNMET MEDICAL NEEDS. IN KEEPING WITH OUR MISSION
5 AND THE RECENTLY APPROVED STRATEGIC PLAN, THE
6 OBJECTIVE OF THE ATP3 IS TO PROMOTE INDUSTRY PULL BY
7 FUNDING A PRIVATE PARTNER TO IN-LICENSE AND ADVANCE
8 HIGH QUALITY CIRM TECHNOLOGIES TOWARD
9 COMMERCIALIZATION AND ULTIMATELY TO PATIENTS.

10 THE ATP3 CONCEPT WAS APPROVED DECEMBER
11 17TH OF LAST YEAR. AS A BRIEF REMINDER, THE KEY
12 POINTS CONTAINED WITHIN THE CONCEPT PROPOSAL INCLUDE
13 THAT CIRM IS WILLING TO COMMIT UP TO \$75 MILLION
14 OVER A FIVE-YEAR PERIOD TO THE ATP3 AWARDEE FOR
15 DEVELOPMENT OF IN-LICENSED CIRM-FUNDED PROJECTS.
16 THE ATP3 AWARD WILL BE IN THE FORM OF A LOAN THAT
17 OFFERS A POTENTIAL FINANCIAL RETURN TO CIRM. THE
18 AWARDEE WILL COMMIT \$75 MILLION UPFRONT TO FUND THE
19 BUSINESS. AND FINALLY, THERE ARE PROVISIONS IN
20 PLACE TO PROTECT CIRM-FUNDED IP IN CASE THE COMPANY
21 SHOULD DECIDE NOT TO CONTINUE DEVELOPING THE
22 IN-LICENSED PROJECT.

23 THE RATIONALE FOR THE ATP3 AWARD LOAN
24 STRUCTURE WAS TO CREATE A COMPELLING BUSINESS CASE
25 THAT WOULD ATTRACT A TOPNOTCH MANAGEMENT TEAM AND

BARRISTERS' REPORTING SERVICE

1 COMMERCIALIZATION PARTNER FOR CIRM TECHNOLOGIES. WE
2 ALSO WANTED TO ENABLE A FINANCIAL RETURN TO CIRM
3 GIVEN THAT, AS A STATE AGENCY, CIRM CANNOT OWN
4 SHARES OF THE ATP3-FUNDED COMPANY. ONE OF OUR GOALS
5 WAS TO OPTIMIZE THE FINANCIAL RETURN TO CIRM
6 STAKEHOLDERS UPON SUCCESS OF THE ATP3-FUNDED ENTITY.
7 IN OTHER WORDS, IF CIRM IS SUCCESSFUL IN CREATING A
8 STEM CELL POWERHOUSE, CIRM STAKEHOLDERS SHOULD
9 BENEFIT ACCORDINGLY.

10 IN ORDER TO STRIKE A BALANCE BETWEEN THE
11 ATTRACTIVENESS OF THE AWARD TO ENCOURAGE INDUSTRY
12 PARTICIPATION AND TO ENABLE A FINANCIAL RETURN TO
13 CIRM AND OUR STAKEHOLDERS, WE CONSULTED WITH EXPERTS
14 IN THE FIELD OF FINANCE, BIOTECHNOLOGY, CORPORATE
15 AND STATE LAW, A FEW OF WHOM ARE ON THE PHONE WITH
16 US TODAY.

17 EMBEDDED WITHIN THE LOAN ARE FEATURES THAT
18 ARE ATTRACTIVE TO POTENTIAL APPLICANTS WHICH INCLUDE
19 A LOW COST OF CAPITAL AND ABILITY TO SHARE IN THE
20 FINANCIAL RISK AND CIRM ASSISTANCE IN LICENSING THE
21 MOST PROMISING TECHNOLOGIES FROM ACADEMIC AND OTHER
22 SOURCES.

23 ON THE OTHER SIDE OF THE EQUATION, THE
24 LOAN CONTAINS TERMS THAT ENABLE A FINANCIAL RETURN
25 TO CIRM AND OUR STAKEHOLDERS. THESE INCLUDE THAT

BARRISTERS' REPORTING SERVICE

1 THE LOAN CAN BE CONVERTED TO SHARES. ALTHOUGH CIRM
2 CANNOT OWN SHARES, THE LOAN CAN BE SOLD TO A THIRD
3 PARTY WHO CAN THEN CONVERT THE LOAN INTO SHARES OF A
4 COMPANY. THE RETURN TO CIRM WILL BE COMMENSURATE
5 WITH THE VALUE OF THE COMPANY. I WILL DESCRIBE THIS
6 IN MORE DETAIL IN THE NEXT SEVERAL SLIDES.

7 SO FEATURES OF THE ATP3 LOAN INCLUDE A LOW
8 COST OF CAPITAL. FOR THIS AWARD THAT MEANS THE
9 GRANTEE WILL ONLY HAVE TO REPAY 50 CENTS ON THE
10 DOLLAR. THIS PROVIDES A STRONG FINANCIAL INCENTIVE
11 FOR INDUSTRY TO PARTICIPATE. RISK SHARING WAS A
12 CRITICAL COMPONENT AS WELL. RISK SHARING IS A
13 TWO-WAY STREET. CIRM IS ABLE TO PROVIDE A CHEAP
14 SOURCE OF FINANCING VIA THE LOW COST OF CAPITAL, BUT
15 IT'S IMPERATIVE THAT THE APPLICANT BE WILLING TO
16 COMMIT AN UPFRONT AMOUNT OF CAPITAL SINCE THEY WILL
17 ALSO BENEFIT FROM THE POTENTIAL SUCCESS OF THE
18 COMPANY.

19 THE CONVERTIBLE LOAN, CIRM CAN SELL THE
20 LOAN TO A THIRD PARTY AT A PRICE COMMENSURATE WITH
21 THE VALUATION OF THE COMPANY. THE ATP3 LOAN CAN
22 THEN BE CONVERTED BY THE THIRD PARTY INTO SHARES.

23 SO CIRM HAS THE OPTION TO SELL THE LOAN OR
24 REQUIRE REPAYMENT. CIRM'S PREFERENCE AND PREFERRED
25 CHOICE IS OPTION NO. 1, TO SELL THE LOAN TO A THIRD

BARRISTERS' REPORTING SERVICE

1 PARTY. THE REASON THIS IS OUR FIRST CHOICE IS THAT
2 IF THE COMPANY IS HIGHLY VALUED, CIRM WILL BE ABLE
3 TO SELL THE LOAN TO A THIRD PARTY FOR A HIGH VALUE.
4 THIS IS BECAUSE THE LOAN CAN BE CONVERTED INTO
5 SHARES. I WILL DISCUSS THIS IN MORE DETAIL ON THE
6 NEXT SLIDE.

7 OPTION 2 IS THAT CIRM REQUIRES REPAYMENT
8 OF THE LOAN. THIS OFFERS DOWNSIDE PROTECTION
9 IN THE CASE THE COMPANY IS NOT AS SUCCESSFUL AS WE
10 WOULD INITIALLY HOPE.

11 IF CIRM CHOOSES TO EXERCISE OPTION NO. 1,
12 THEN THE RETURN TO CIRM IS DEPENDENT UPON THE FUTURE
13 VALUE OF THE COMPANY. ALTHOUGH THIS SLIDE IS A
14 LITTLE COMPLICATED, THERE ARE REALLY ONLY A FEW KEY
15 TAKEAWAY POINTS TO KEEP IN MIND. NO. 1, THE \$75
16 MILLION LOAN IS BROKEN INTO THREE DISTINCT AND
17 SEPARATE PIECES OR, IN FINANCIAL TERMS, TRANCHES.
18 THIS WAS DONE SO THAT CIRM HAS THE ABILITY TO SELL
19 THEM PRIOR TO THE FIVE-YEAR MATURITY DATE OF THE
20 AWARD WITHOUT COMPROMISING THE OVERALL INTEGRITY OF
21 THE AWARD. CIRM IS PROHIBITED FROM CONVERTING THE
22 LOAN INTO SHARES OF THE COMPANY; HOWEVER, WE ARE
23 PERMITTED TO SELL THE LOAN TO A THIRD PARTY. THIS
24 THIRD PARTY CAN THEN CONVERT THE LOAN INTO SHARES OF
25 THE COMPANY'S STOCK. THE VALUE THAT CIRM RECEIVES

BARRISTERS' REPORTING SERVICE

1 FROM THE SALE OF THE LOAN IS DEPENDENT UPON THE
2 VALUE OF THE COMPANY. AGAIN, THIS IS BECAUSE THE
3 LOAN CAN BE CONVERTED INTO SHARES; I.E., AN
4 OWNERSHIP STAKE IN THE COMPANY. THE SHARES THE
5 THIRD PARTY WILL RECEIVE ARE EQUAL TO UP TO 10
6 PERCENT OF THE VALUE OF THE COMPANY, WHICH WE CALL
7 THE EQUITY KICKER, PLUS THE DISCOUNTED VALUE OF THE
8 LOAN.

9 SO TO SUMMARIZE, THE KEY TAKE-HOME POINT
10 IS THAT CIRM CAN SELL THE LOAN TO A THIRD PARTY AT A
11 PRICE COMMENSURATE WITH THE VALUE OF THE COMPANY.

12 SO FINALLY, THERE ARE IMPORTANT PROCESS
13 AND GOVERNANCE FEATURES IN PLACE. PRIOR TO
14 IN-LICENSING, CIRM-FUNDED PROJECTS WILL UNDERGO A
15 GWG REVIEW AND ARE SUBJECT TO APPLICATION REVIEW
16 SUBCOMMITTEE APPROVAL. ALL CIRM FUNDING IS PROVIDED
17 ON A REIMBURSEMENT BASIS WHICH ENSURES A MEASURE OF
18 CONTROL THAT THE FUNDS ARE SPENT IN ACCORDANCE WITH
19 ALL CIRM REGULATIONS. WE HAVE BUILT INTO THE TERM
20 SHEET SOME ADDITIONAL CONSENT RIGHTS FOR OUR
21 PROTECTION WHICH PROVIDE ADDITIONAL MEASURES OF
22 CONTROL AND OVERSIGHT. AND THE AUTHORITY FOR THE
23 DECISIONS RELATED TO THE LOAN WILL BE DELEGATED TO
24 THE PRESIDENT WITH CONCURRENCE OF THE ICOC CHAIR AND
25 VICE CHAIR.

BARRISTERS' REPORTING SERVICE

1 AT ITS DECEMBER 17TH, 2015, MEETING, THE
2 BOARD DELEGATED AUTHORITY TO THE SCIENCE AND IP AND
3 INDUSTRY JOINT SUBCOMMITTEES TO APPROVE TERMS OF THE
4 ATP3 AWARD. WE THEREFORE REQUEST THE JOINT
5 SUBCOMMITTEES' APPROVAL OF THESE TERMS SO THAT WE
6 MAY ISSUE A REQUEST FOR APPLICATION. I THANK YOU
7 AND WOULD BE HAPPY TO TAKE ANY QUESTIONS.

8 CHAIRMAN SHEEHY: SO DO WE HAVE ANY
9 QUESTIONS FROM ANYONE ON THE PHONE?

10 DR. LUBIN: SOUNDS VERY WELL THOUGHT OUT.
11 THIS IS BERT.

12 CHAIRMAN SHEEHY: THANK YOU, DR. LUBIN.

13 DR. JUELSGAARD: JEFF, THIS STEVE
14 JUELSGAARD. SO WE'VE BEEN OVER THIS ONCE BEFORE IN
15 A PRIOR CALL, BUT I THINK THE OTHER PARTICIPANTS
16 WEREN'T ON. I THINK THAT THERE ARE SOME THINGS THAT
17 ARE CRITICAL TO ALL OF THIS THAT AREN'T REALLY IN
18 THIS PRESENTATION AND THEY NEED TO BE WORKED OUT.
19 AND I JUST WANT -- AT LEAST I BELIEVE THEY ARE AND I
20 WANT TO MAKE OTHERS AWARE OF THEM.

21 SO THE FIRST IS GOING TO BE THE SELECTION
22 PROCESS AND HOW THAT'S DONE BECAUSE THIS IS REALLY
23 ABOUT THE SELECTION OF A BUSINESS, NOT THE SELECTION
24 OF A SCIENCE-BASED PROJECT. SO THE PEOPLE WHO NEED
25 TO BE INVOLVED IN THAT PROCESS NEED TO HAVE

BARRISTERS' REPORTING SERVICE

1 QUALIFICATIONS THAT AREN'T TYPICALLY THOSE SEEN IN A
2 GWG REVIEW; I.E., THEY UNDERSTAND BUSINESSES AND HOW
3 BUSINESSES OPERATE AND WHAT MAKES SOME BUSINESSES
4 SUCCESSFUL AND SOME UNSUCCESSFUL. AND ALIGNED WITH
5 THAT IS THE WHOLE NOTION OF WHAT DOES THIS BUSINESS
6 LOOK LIKE? IS IT AN EXISTING BUSINESS? IS IT
7 SOMETHING THAT'S JUST BEEN NEWLY FORMED? WHAT DOES
8 THE MANAGEMENT OF THE BUSINESS LOOK LIKE? HOW
9 COMPETENT ARE THEY? HOW MUCH EXPERIENCE DO THEY
10 HAVE? ALL THINGS LIKE THAT. SO THIS PRESENTATION
11 IS REALLY ALL ABOUT FINANCE, AND I THINK THAT'S
12 FINE, AND WE CERTAINLY NEED TO HAVE A FINANCIAL
13 STRUCTURE; BUT AT THE END OF THE DAY, WHEN THE
14 ULTIMATE DECISION GETS MADE TO SELECT SOMEBODY, YOU
15 NEED, IN MY VIEW, TO FACTOR IN THESE OTHER THINGS
16 THAT I JUST MENTIONED.

17 SO I'M NOT SUGGESTING THAT WE PUT ANY PART
18 OF THIS AT THIS POINT INTO THIS DISCUSSION, BUT I DO
19 BELIEVE WHAT'S INVOLVED IS A MUCH BIGGER SPHERE OF
20 THINGS THAT WE HAVE TO CONSIDER THAN THE FINANCIAL
21 PART WE'VE JUST BEEN THROUGH.

22 CHAIRMAN SHEEHY: THANK YOU, STEVE. DO
23 WE HAVE ANY THOUGHTS ON THAT FROM ANY OF THE CIRM
24 TEAM?

25 MR. HARRISON: JEFF, IT'S JAMES HARRISON.

BARRISTERS' REPORTING SERVICE

1 IF I COULD JUST RESPOND QUICKLY. WE ARE AWARE OF
2 ALL THE ISSUES THAT STEVE HIGHLIGHTED, AND WE WILL
3 BE WORKING FIRST INTERNALLY TO DEVELOP A PROCESS
4 THAT ADDRESSES THE ISSUES THAT STEVE RAISED, AND WE
5 WILL SUBSEQUENT TO THAT BE IN TOUCH WITH MEMBERSHIP
6 OF THE SUBCOMMITTEES AND THE LEADERSHIP. WE HADN'T
7 INTENDED TO SEEK APPROVAL OF THE PROCESS BECAUSE IT
8 IS GENERALLY AN INTERNAL MATTER; BUT, AT THE
9 SUBCOMMITTEE'S DISCRETION, OBVIOUSLY WE WOULD BE
10 HAPPY TO PRESENT OUR THOUGHTS AND ENGAGE IN A
11 CONVERSATION ABOUT IT.

12 CHAIRMAN SHEEHY: WHAT DO YOU THINK,
13 STEVE? SHOULD WE HAVE MAYBE A BRIEF MEETING JUST TO
14 GO OVER THAT?

15 DR. JUELGAARD: I THINK THAT WOULD BE
16 USEFUL.

17 CHAIRMAN SHEEHY: HOW WOULD YOU BE
18 COMFORTABLE?

19 DR. JUELGAARD: I THINK WE SHOULD DO
20 THAT. I THINK BEFORE THIS REALLY GOES -- WE LAUNCH
21 THIS OFF, AT LEAST TO UNDERSTAND HOW MANAGEMENT IS
22 THINKING ABOUT THESE ASPECTS OF IT, I THINK, WOULD
23 BE CLEARLY HELPFUL, AT LEAST FROM MY POINT OF VIEW.
24 ULTIMATELY WE'RE GOING TO BE ASKED TO -- HOPEFULLY
25 WE'LL BE ASKED TO APPROVE A CANDIDATE TO BE THIS

BARRISTERS' REPORTING SERVICE

1 ATP3 COMPANY. AND SO TO UNDERSTAND WHAT THE PROCESS
2 WAS GOING IN AND HOW MANAGEMENT THOUGHT ABOUT IT,
3 CIRM MANAGEMENT THOUGHT ABOUT IT, WOULD BE, I THINK,
4 VERY KEY TO REALLY UNDERSTANDING, THEN, HOW THE
5 SELECTION WAS MADE ULTIMATELY.

6 MR. HARRISON: WE'D BE HAPPY TO DO THAT.

7 DR. JUELSGAARD: THANK YOU. THANK YOU,
8 JAMES.

9 CHAIRMAN SHEEHY: THANK YOU. DO WE HAVE
10 ADDITIONAL QUESTIONS?

11 I HAD TWO. SO THE 50-PERCENT REPAYMENT
12 COMES OUT OF THE COMPANY, RIGHT? SO THAT WOULD BE
13 SOME PERCENTAGE UP TO 150 MILLION CAPITALIZATION,
14 HALF FROM CIRM AND HALF FROM THE INVESTORS. SO
15 WE'RE NOT REACHING BACK TO THE INVESTORS, BUT THIS
16 WOULD SOLELY COME OUT OF WHATEVER REMAINING ASSETS
17 THE COMPANY HAS, RIGHT?

18 MR. LITTMAN: SO THE 50-PERCENT REPAYMENT
19 IS IN REGARDS TO THE LOAN THAT WE PROVIDE TO THE
20 ATP3 AWARDEE. SO ASSUMING THEY DRAW DOWN THE FULL
21 \$75 MILLION OF THE AWARD, THEN THEY'RE ONLY REPAYING
22 50 CENTS ON THE DOLLAR. SO THEY'D OWE US \$37.5
23 MILLION.

24 CHAIRMAN SHEEHY: SO THEY HAVE THAT
25 OBLIGATION INDEPENDENT BECAUSE WE'RE SETTING UP A

BARRISTERS' REPORTING SERVICE

1 NEW ENTITY. WHO HAS THE OBLIGATION, THE GRANTEE OR
2 THE ENTITY THAT'S BEEN SET UP?

3 MR. LITTMAN: THE ENTITY THAT'S SETS UP
4 BECAUSE THE ENTITY THAT'S SET UP WILL BE OUR GRANTEE
5 FOR THE ATP3 AWARD. SO IT'S THEIR OBLIGATION.

6 CHAIRMAN SHEEHY: AND WOULD THAT COME --
7 BUT THAT ENTITY IS CAPITALIZED FROM TWO STREAMS OF
8 INCOME.

9 MR. LITTMAN: CORRECT.

10 CHAIRMAN SHEEHY: SO THEY WOULD BE PAYING
11 IT BACK OUT OF THEIR STREAM OF MONEY. JUST WANTED
12 TO CLARIFY THAT.

13 AND THEN I'M CORRECT IN THAT THERE'S
14 TWO -- ASSUMING SUCCESS, THERE'S TWO POTENTIAL
15 UPSIDES. ONE IS THAT CIRM CAN RECAPITALIZE ITSELF
16 BY LET'S SAY THAT WE'RE ABLE TO -- IT'S A SUCCESS
17 AND WE'RE ABLE TO RECOVER SOMETHING MORE THAN THE 75
18 MILLION WE PUT IN, AND THIS WOULD RETURN TO CIRM TO
19 CONTINUE TO FUND OUR PROJECTS, RIGHT?

20 MR. LITTMAN: SO THAT'S CORRECT. SO THE
21 WAY WE WOULD DO THAT IS WE WOULD SELL THE LOAN TO A
22 THIRD PARTY. AND THE VALUE OF THAT WOULD BE BASED
23 ON THE VALUE OF THE COMPANY. SO IF THE COMPANY IS
24 HUGELY SUCCESSFUL, THEN WE WOULD GET A HIGH VALUE
25 FOR THE SALE OF THE LOAN.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN SHEEHY: AND THEN THE STATE OF
2 CALIFORNIA ACTUALLY HAS THE POTENTIAL TO BENEFIT
3 BECAUSE THESE PROJECTS ARE PER OUR IP REGULATIONS.
4 FOR GRANTS ACTUALLY WE GET A PERCENTAGE OF THE
5 LICENSING. AND THAT COMES -- I FORGET WHICH PARTY
6 IT COMES OUT OF, BUT WE GET A PERCENTAGE OF THE
7 INSTITUTION'S LICENSING. AND THAT RETURN WOULD GO
8 DIRECTLY BACK TO THE STATE GENERAL FUND, CORRECT?
9 SO IN THIS WAY, BY ACCELERATING THIS, WE'RE ACTUALLY
10 COMING CLOSER TO REALIZING ONE OF THE PROMISES OF
11 PROP 71, WHICH IS TO RETURN SOME INCOME BACK TO THE
12 GENERAL FUND, ASSUMING SUCCESS, WHICH WE ALL HAVE TO
13 RECOGNIZE IS HIGH RISK, HIGH REWARD.

14 MR. LITTMAN: THAT'S CORRECT.

15 CHAIRMAN SHEEHY: OKAY. GREAT. THANK
16 YOU.

17 COULD I GET A MOTION TO ADOPT UNLESS
18 SOMEONE HAS ANY OTHER QUESTIONS?

19 DR. JUELSGAARD: I SO MOVE.

20 CHAIRMAN SHEEHY: SO STEVE JUELSGAARD
21 MOVES --

22 CHAIRMAN THOMAS: SECOND.

23 CHAIRMAN SHEEHY: AND CHAIRMAN THOMAS
24 SECONDS.

25 DR. LUBIN: I'LL SECOND.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN SHEEHY: GREAT. DO WE HAVE ANY
2 PUBLIC AT ANY OF THE SITES? KEVIN --

3 MR. MC CORMACK: YES. I HAVE COMMENT FROM
4 PATIENT ADVOCATE DON REED WHO SAYS,

5 "FIRST MY CONGRATULATIONS TO PRESIDENT
6 MILLS AND EVERYONE RESPONSIBLE FOR THE ATP3 PROGRAM.
7 IT IS CREATIVE, BUT ALSO DOWN TO EARTH AND AN IDEAL
8 NEXT STEP IN THE CALIFORNIA STEM CELL PROGRAM'S
9 PUBLIC PRIVATE COOPERATION, BRINGING NEW TREATMENTS
10 TO THOSE WITH UNMET MEDICAL NEEDS.

11 "I HAVE A QUESTION WHICH HAS TO DO WITH
12 PUBLIC PERCEPTION, HOW THE NEW PROGRAM WILL APPEAR.
13 IT IS MY UNDERSTANDING THAT ALL NEW PRODUCTS OR
14 THERAPIES DEVELOPED WITH CIRM FUNDING CONTAIN AN
15 AFFORDABLE ACCESS PROGRAM. THE COMPANIES WILL COME
16 UP WITH THEIR OWN APPROACH WHICH MUST BE APPROVED BY
17 THE ICOC. THIS POLICY TOOK OVER A YEAR TO DEVELOP
18 AND MUCH EFFORT AND INPUT FROM THE PUBLIC, OUR
19 GOVERNMENTAL LEADERSHIP IN SACRAMENTO, AND THE
20 BIOMEDICAL COMMUNITY. THE POLICY SUPPORTS
21 CALIFORNIA'S EFFORTS TO BENEFIT LOW-INCOME
22 RESIDENTS. IT IS BALANCED SO AS NOT TO OVERBURDEN
23 THE NEW PRODUCT OR THERAPY, NOR TO SLOW DOWN ITS
24 DEVELOPMENT.

25 "IT SEEMS TO ME WE SHOULD MAKE CLEAR THAT

BARRISTERS' REPORTING SERVICE

1 THE ATP3 PROGRAM FITS WITH THAT CAREFUL AND CARING
2 FOUNDATION, ESPECIALLY IF THE ATP3 PROGRAM IS SO
3 NEW, GROUNDBREAKING, AND MAY ENABLE A FINANCIAL
4 RETURN TO CIRM. MY QUESTION IS THIS: MIGHT IT BE
5 USEFUL TO INTRODUCE SOME LANGUAGE IN THE PROGRAM TO
6 THE EFFECT THAT ALL OF CIRM'S CUSTOMARY AFFORDABLE
7 ACCESS PROVISIONS WILL APPLY? THANK YOU. DON
8 REED."

9 CHAIRMAN SHEEHY: THANK YOU, KEVIN. SO
10 IF WE HAVE NO MORE COMMENTS, I THINK WE'LL PROCEED
11 TO A ROLL CALL.

12 MS. BONNEVILLE: STEVE JUELSGAARD.

13 DR. JUELSGAARD: YES.

14 MS. BONNEVILLE: ANNE-MARIE DULIEGE.

15 DR. DULIEGE: YES.

16 MS. BONNEVILLE: JOE PANETTA. JEFF
17 SHEEHY.

18 CHAIRMAN SHEEHY: YES.

19 MS. BONNEVILLE: OS STEWARD.

20 DR. STEWARD: YES.

21 MS. BONNEVILLE: JONATHAN THOMAS.

22 CHAIRMAN THOMAS: YES.

23 MS. BONNEVILLE: MICHAEL FRIEDMAN. DAVID
24 HIGGINS.

25 MR. HIGGINS: YES.

BARRISTERS' REPORTING SERVICE

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MS. BONNEVILLE: BERT LUBIN.

DR. LUBIN: YES.

MS. BONNEVILLE: SHLOMO MELMED. ART
TORRES. KRISTINA VUORI.

DR. VUORI: YES.

MS. BONNEVILLE: MOTION PASSES.

CHAIRMAN SHEEHY: THE MOTION PASSES. SO
THANK YOU VERY MUCH AND THANK YOU TO THE CIRM TEAM.
THIS IS EXCITING, AND THE WORK THAT'S GONE INTO THIS
IS JUST INCREDIBLE. SO THANK YOU VERY MUCH. AND
THE MEETING IS NOW ADJOURNED.

MS. BONNEVILLE: THANK YOU, EVERYONE.

(THE MEETING WAS THEN CONCLUDED AT
9:18 A.M.)

REPORTER'S CERTIFICATE

I, BETH C. DRAIN, A CERTIFIED SHORTHAND REPORTER IN AND FOR THE STATE OF CALIFORNIA, HEREBY CERTIFY THAT THE FOREGOING TRANSCRIPT OF THE TELEPHONIC PROCEEDINGS BEFORE THE JOINT MEETING OF THE INTELLECTUAL PROPERTY AND INDUSTRY AND SCIENCE SUBCOMMITTEES OF THE INDEPENDENT CITIZEN'S OVERSIGHT COMMITTEE OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN THE MATTER OF ITS REGULAR MEETING HELD ON APRIL 8, 2016, WAS HELD AS HEREIN APPEARS AND THAT THIS IS THE ORIGINAL TRANSCRIPT THEREOF AND THAT THE STATEMENTS THAT APPEAR IN THIS TRANSCRIPT WERE REPORTED STENOGRAPHICALLY BY ME AND TRANSCRIBED BY ME. I ALSO CERTIFY THAT THIS TRANSCRIPT IS A TRUE AND ACCURATE RECORD OF THE PROCEEDING.

BETH C. DRAIN, CSR 7152
BARRISTERS' REPORTING SERVICE
160 S. OLD SPRINGS ROAD
SUITE 270
ANAHEIM, CALIFORNIA
(714) 444-4100